

O'CONNOR PLAYDON GUBEN & INOUE LLP  
A LIMITED LIABILITY LAW PARTNERSHIP

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Proposed Attorney for Debtor  
and Debtor-in-Possession  
TRADE WEST, INC.  
dba Nani Makana Distributors

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF HAWAII

In re

TRADE WEST, INC.,  
dba Nani Makana Distributors,

Debtor and  
Debtor-in-Possession.

Case No. \_\_\_\_\_  
(Chapter 11)

Hearing:

Date:

Time:

Judge: Honorable Robert J. Faris

**DECLARATION OF THOMAS MATTHEWS**

I, Thomas Matthews, hereby declare as follows:

1. I am the Responsible Person of the Debtor and Debtor-in-Possession, Trade West, Inc., doing business as Nani Makana Distributors, and

submit this Omnibus Declaration in Support of the several First Day Motions listed below.

2. The Debtor was founded in 1976. Debtor has been serving the Islands of Hawai‘i for over 40 years. The Debtor is a designer, importer, manufacturer and distributor of premium trademarked and copyrighted designs of authentic Hawaiian flower artificial lei and hair accessories. The name of this brand is Aloha Hawaii Lei.

3. Debtor also develops, manufactures and distributes two lines of Made in Hawai‘i personal care/bath and body products. These brands are named Forever Florals and Aloha Beauty. Debtor also offers a line of quality sunglasses and accessories. This brand is named Tropical Shades.

4. Debtor also offers Hawaiian-themes gifts and souvenirs. These brands are Island Friends and Nani Stuffs.

5. Debtor employs 30 individuals throughout the State of Hawai‘i.

6. The Debtor operates its business on two warehouses located at Iwelei Business Center, Honolulu, Hawaii 96819. The premises consist of approximately 25,000 square feet of space. The Debtor does not own the premises. Matthews Properties, LLC (“Matthews Properties”) owns the premises. The Debtor and Matthews Properties signed a lease on January 1, 2018 (the “Lease”). The Lease is for the term of four (4) years and (5) months, commencing on August 1,

2018, and ending on December 31, 2022. Pursuant to the Lease, Debtor is required to pay twenty six thousand dollars (\$26,000) per month. The Debtor has not paid monthly rent to Matthews Properties for several months.

7. Cash Collateral. The Debtor seeks authorization to use cash collateral and proceeds. The Debtor has secured creditors, including Islander Group, with a UCC-1 dated January 16, 2019 and a UCC-1 in favor of a junior secured creditors in Funding Metrics holding a UCC-1 Financing Statement filed on October 29, 2019 for the approximate amount of \$138,325.00, which was filed within the 90-day preference period and may be subject to avoidance.

8. The Debtor proposes to give Islander Group, the senior secured creditor, a replacement lien on the post-petition revenues of the Debtor. The Debtor does not plan to provide any adequate protection for the junior secured creditor, Funding Metrics.

9. Application to Employ O'Connor Playdon Guben & Inouye LLP as General Counsel. The Debtor seeks an interim order authorizing the employment of O'Connor Playdon Guben & Inouye LLP, based on the Declaration of Jerrold K. Guben.

10. Motion Prohibiting Utilities from Discontinuing or Terminating Utility Service. The Motion has attached as Exhibit A, a list of the utilities, which currently service the Debtor's operations. The Debtor will arrange for adequate

assurance before the entry of the Final Order, including the deposit of 50% of the average monthly utility invoices.

11. Motion to Pay Prep-Petition Wages, Salaries and Benefits Post-Petition. The Debtor seeks authorization to pay pre-petition wages, salaries and benefits post-petition to the Debtor's employees listed as Exhibit A of the Motion.

12. Motion to Continue Cash Management System and Bank Accounts. The Debtor seeks to maintain and continue the cash management system and bank accounts for 30 days until the Debtor consults with the Office of the United States Trustee for the accounts at Central Pacific Bank and American Savings Bank and a credit union account attached as Exhibit A to the Motion.

13. Motion to Approve Insurance Financing Agreement. The Debtor is negotiating a premium insurance financing contract for 2020. The post-petition insurance premium financing agreement will be submitted to the Court for its approval when the final terms are negotiated.

14. Motion to Pay Pre-Petition Critical Vendors. The Debtor's import business deals with numerous foreign suppliers and vendors and pay these prep-petition vendors and suppliers. Exhibit A attached to the Motion lists the vendors and suppliers which are required to provide the inventory and services for the post-petition business.

15. The Chapter 11 will give the Debtor an opportunity to scale back its debt service payments. In particular, the Debtor seeks the use, on an interim basis, the post-petition revenues for the payments of post-petition expenses, including all allowed professional fees and costs, for those professionals approved by the Court and any fee arrangement also approved by the Court.

16. To the extent that the Court decides that the secured creditor is entitled to adequate protection, the Debtor proposes to give the secured creditor a replacement lien upon the entry of the Interim Order in the Debtor's post-petition revenues and determine, based on the budget, if additional or other adequate protection is needed, including the payment of post-petition non-default rate of interest.

I DECLARE UNDER PENALTY OF PERJURY THAT THE FOREGOING IS TRUE AND CORRECT.

DATED: Honolulu, Hawaii, December 30, 2019.

/s/ Thomas Matthews  
THOMAS MATTHEWS